

World Cup Fever: How The World Cup Is Influencing Consumers

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As 32 countries battle it out for football's most prized trophy, a unique communal experience is taking place, and consumption plays a key role in it.

From the diehard fan who buys a new TV to watch the games on to the World Cup Widow who goes out to dinner with her friends to avoid it, few are left untouched by this month-long homage to the "beautiful game."

Key trends

- * 32 nations compete, but the world watches;
- * Too much of a good thing?
- * Pushing the next paradigm shift in TV technology;
- * World Cup Widows can help sectors that lose out;
- * Cynicism or idealism?

Commercial opportunities

The commercial opportunities associated with the World Cup are legion. Among the most prominent are

- * Sales of alcoholic drinks receive a huge boost during the tournament, as many fans like to watch games in bars or with a beer at home;
- * Food sales are also likely to receive a boost as consumers hold World Cup parties and barbeques. Products like pizzas and fresh meat will benefit disproportionately;
- * Take-away foodservice sales will rise as consumers spend more time in front of the TV and less in the kitchen;
- * Sales of televisions are always boosted by a World Cup, and manufacturers are looking to this tournament to drive consumer awareness of emerging 3D technology;
- * Sportswear manufacturers and retailers will enjoy higher sales for football-related items like jerseys and boots;
- * The gaming industry will benefit from a surge in gambling on the outcome of both the tournament itself and individual matches.

Background

Pick your favourite cliché: Brazilian flair, Argentine indiscipline; German efficiency, Portuguese petulance; Italian cynicism, English grit, Dutch technique, Spanish gusto, Cameroonian naivety or even North Korean inscrutability.

For the month of June, they (and 22 other nations) will be competing in the football World Cup in South Africa. For the winners, immortality beckons; For the losers, at best obscurity, at worst infamy.

It is only a slight exaggeration to say that some football fans would sell their grandmother to see their country crowned world champions: A survey conducted by financial services group ING in Portugal (the poorest country in Western Europe) found that the average consumer would willingly contribute US\$450 in exchange for victory.

Given the stakes, it is unsurprising that the event has a huge economic impact. The feelgood factor generated by Germany hosting the event in 2006 gave a significant boost to the country's economic growth that year, and South Africa is hoping for a similar effect this time.

However, the World Cup's impact on consumers goes well beyond the host nation, as consumers worldwide will be eating pizza and burgers and guzzling beer as they settle down to watch games on shiny new TVs.

32 nations compete, but the world watches

With the possible exception of the USA, where "soccer" has generally failed to capture the national sporting consciousness, there are few corners of the world that will be untouched by the World Cup, even among countries lacking a tradition in the sport. In this sense, football, like music, is an international language.

A survey conducted by Nielsen during March 2010 found that 55% of Asian consumers intended to follow the tournament, even though just 28% said they were football fans. Indeed, the largest proportion of the global TV audience is likely to be in east, south and south-east Asia.

In Hong Kong (where many of the matches will take place in the early hours of the morning), one chain of shopping centres is setting up big screens and inviting fans to bring sleeping bags and "camp out" while watching games.

Too much of a good thing?

The World Cup can be depended on to provide a significant boost to sales of convenience food like pizzas and burgers, as well as food for barbeques and alcoholic drinks. Data from trade body ELBEX show the highest four-week period of sales of meat products in the UK during the last five years was during the 2006 World Cup.

Research conducted by Loughborough University during spring 2010 suggests that 10% of English fans will drink at least 20 cans and 20 pints of beer during the World Cup, while one in seven will eat at least ten pizzas.

According to Euromonitor International data, growth in beer consumption spiked in several countries during the year of the previous World Cup (2006):

Pushing the next paradigm shift in TV technology

Consumer electronics manufacturers have long recognised that the World Cup presents them with an open goal for pushing new technology in the realm of television.

This is a long-established trend: When the World Cup was broadcast in colour for the first time in 1970, it gave a major boost to sales of colour television sets.

According to one nostalgic fan,

"I was among about 25 neighbours crowded around a TV watching that great Brazilian team." Similarly, sales of LCD and plasma flat-screen TVs jumped in many markets in the run up to the 2006 World Cup in Germany.

Hard hit by recession and declining margins on established products, the industry is once again looking to the World Cup to power what it hopes will be the next paradigm shift in TV technology. 3D footage from the finals will be broadcast live to home viewers in 26 countries and at dedicated public events, including cinema screenings.

While relatively few consumers are likely to watch games in 3D at home, it is likely to drive a significant increase in consumer awareness and interest that will ultimately feed into higher sales.

According to one blogger,

"3D happens to suit the beautiful game very well indeed and really adds, well, another dimension to it."

Manufacturers are positioning themselves to best exploit this. Sony is launching an advertising campaign for its 3D TV offering across Europe on June the 11th to coincide with the start of the event.

The product itself will be available in stores 24 hours later.

World Cup Widows can help sectors that lose out

While take-away restaurants are likely to enjoy higher sales, full-service restaurants are likely to suffer a dip in business as a consequence of the World Cup. Similarly, cinema attendance often declines during the tournament.

However, these sectors can make good some of these losses by appealing to so-called "World Cup Widows," the wives and partners of those planning to spend the entire month of June in front of a television and who themselves have no interest in it.

One frustrated blogger writes

"The World Cup is looming and with it I can feel my resentment... rise. Football is his passion and he'll be completely obsessed with the tournament... Is it normal behaviour for a grown man? How do I not turn into a bitter and resentful wife (any more than I already am at least!)"

Others see the perceived excesses of their partners as an opportunity to pursue their own interests:

According to one blogger,

"I am afraid that I shall become a World Cup Widow. My partner just cannot wait and is really excited. I will just have to shop until I drop."

Of course, there are also plenty of men with no interest in football. According to a forum poster, "Thankfully, my husband is more interested in things like bird watching and astronomy. He will definitely not be watching."

Cynicism or idealism?

There have long been concerns that the event has become overly commercial:

One rather acerbic newspaper columnist in the UK writes, "What puts me off isn't the game itself, but... the hollow simulation of patriotism used to hawk products throughout the contest... Coca-Cola, Nike, Pepsi-Cola, BP, Blackwater Security, Damien Thorn Enterprises and so on. All hitting the same phoney note of concord, all somehow cheapening the fun that millions will extract from the tournament itself."

On the other hand, with the news headlines dominated on a daily basis by war, terrorism, environmental degradation and economic crisis, an event like the World Cup can still genuinely bring people together.

An Irish journalist writes,

"Sport's offences against some perceived canon of good taste are small potatoes compared to the many bad things which happen in the world on a regular basis. Actually, sport is about the most benign form of interaction between people from different countries and cultures that there is."

Outlook

Even after the last ball has been kicked, the impact of the World Cup on consumer sentiment can linger. Dutch bank ABN-Amro has calculated a 10% average stock market gain for winners of the last three World Cups. Unfortunately, the average decline for the losing finalist was a staggering 25%.

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